

## 4. Consolidated Financial Statements

### 1) Consolidated balance sheets

(thousands of yen)

Account	Period	FY2003 (As of March 31, 2003)		FY2004 (As of March 31, 2004)		YoY change
		Amount	%	Amount	%	Amount
<b>ASSETS</b>						
I Current assets						
Cash and deposits		2,717,321		3,124,367		407,045
Notes and accounts receivable - trade		4,901,249		6,933,982		2,032,732
Inventories		4,091,588		4,639,529		547,941
Deferred tax assets		122,767		333,857		211,090
Other current assets		661,193		1,189,034		527,841
Allowance for doubtful receivables		(13,902)		(8,083)		5,819
Total current assets		12,480,217	50.8	16,212,688	52.3	3,732,470
II Fixed assets						
Property, plant and equipment						
Buildings and structures		6,262,419		6,352,072		
Accumulated depreciation		3,148,345	3,114,073	3,290,488	3,061,584	(52,489)
Machinery, equipment and vehicles		10,193,267		12,256,165		
Accumulated depreciation		4,614,779	5,578,487	5,140,221	7,115,944	1,537,456
Land			678,553		1,378,345	699,792
Construction in progress accounts			36,404		609,135	572,731
Other property, plant and equipment		1,409,160		1,517,855		
Accumulated depreciation		946,102	463,058	1,097,979	419,876	(43,182)
Total property, plant and equipment		9,870,577	40.1	12,584,885	40.6	2,714,307
Intangible assets		267,636	1.1	209,181	0.6	(58,455)
Investment and other assets						
Investment securities		164,634		261,452		96,818
Long-term loans receivable		5,087		47,814		42,727
Deferred tax assets		280,471		247,579		(32,891)
Other assets		1,451,306		1,478,105		26,798
Allowance for doubtful receivables		(41,293)		(32,480)		8,813
Total investments and other assets		1,860,205	7.6	2,002,472	6.5	142,266
Total fixed assets		11,998,420	48.8	14,796,539	47.7	2,798,118
III Deferred assets						
Start-up costs		103,194		-		(103,194)
Total deferred assets		103,194	0.4	-	-	(103,194)
<b>TOTAL ASSETS</b>		24,581,832	100.0	31,009,227	100.0	6,427,395

(thousands of yen)

Account	Period	FY2003 (As of March 31, 2003)		FY2004 (As of March 31, 2004)		YoY change
		Amount	%	Amount	%	Amount
<b>LIABILITIES</b>						
<b>I Current liabilities</b>						
Notes and accounts payable - trade		5,156,186		8,068,939		2,912,753
Short-term bank loans payable		3,161,161		689,602		(2,471,559)
Long-term loans payable due within one year		2,869,830		4,105,827		1,235,997
Income taxes payable		434,735		527,286		92,550
Bonus allowance		258,100		347,132		89,032
Other current liabilities		1,364,457		2,257,238		892,780
Total current liabilities		13,244,472	53.9	15,996,025	51.6	2,751,553
<b>II Long-term liabilities</b>						
Corporate bonds		500,000		500,000		-
Long-term loans payable		4,011,573		6,919,186		2,907,613
Liability for employees' retirement benefits		449,829		506,939		57,109
Consolidated adjustment accounts		272		-		(272)
Long-term payables		743,983		355,896		(388,086)
Other long-term liabilities		122,842		46,441		(76,400)
Total long-term liabilities		5,828,501	23.7	8,328,464	26.9	2,499,962
Total liabilities		19,072,973	77.6	24,324,489	78.5	5,251,516
<b>MINORITY INTERESTS</b>						
Minority interests		15,793	0.1	13,713	0.0	(2,079)
<b>SHAREHOLDERS' EQUITY</b>						
<b>I Common stock</b>						
Common stock		2,859,994	11.6	2,886,214	9.3	26,220
<b>II Capital surplus</b>						
Capital surplus		2,959,387	12.0	2,985,607	9.6	26,220
<b>III Retained earnings</b>						
Retained earnings		(228,993)	(0.9)	1,375,570	4.4	1,604,564
<b>IV Unrealized (loss) gain on available-for-sale securities</b>						
Unrealized (loss) gain on available-for-sale securities		(1,616)	(0.0)	47,534	0.2	49,151
<b>V Foreign currency translation adjustments</b>						
Foreign currency translation adjustments		26,001	0.1	(364,818)	(1.2)	(390,820)
<b>VI Treasury stock</b>						
Treasury stock		(121,708)	(0.5)	(259,083)	(0.8)	(137,375)
Total shareholders' equity		5,493,064	22.3	6,671,024	21.5	1,177,959
<b>TOTAL LIABILITIES, MINORITY INTERESTS AND SHAREHOLDERS' EQUITY</b>						
		24,581,832	100.0	31,009,227	100.0	6,427,395

## 2) Consolidated statement of income

(thousands of yen)

Account	Period	FY2003 (For the Year Ended March 31, 2003)		FY2004 (For the Year Ended March 31, 2004)		YoY change
		Amount	%	Amount	%	Amount
I NET SALES		21,605,829	100.0	29,190,573	100.0	7,584,744
II COST OF SALES		17,205,754	79.6	22,340,191	76.5	5,134,437
Gross profit		4,400,074	20.4	6,850,381	23.5	2,450,306
III SELLING, GENERAL AND ADMINISTRATIVE EXPENSES		2,724,447	12.6	3,333,934	11.5	609,487
Operating income		1,675,627	7.8	3,516,446	12.0	1,840,819
IV NON-OPERATING INCOME						
Interest income	10,451			8,413		
Dividends received	1,191			1,373		
Gains on sale of scrap wastes	18,351			82,900		
Amortization of consolidated adjustment accounts	3,908			272		
Equity in earnings	12,557			2,657		
Others	66,239	112,699	0.5	47,536	143,152	0.5
V NON-OPERATING EXPENSES						
Interest expense	297,244			389,419		
Loss on sale of bills	39,610			31,406		
Loss on securities management	12,272			-		
Loss on foreign exchange	507,408			863,900		
Other expenses	70,165	926,701	4.3	101,127	1,385,854	4.7
Ordinary income		861,625	4.0		2,273,745	7.8
VI EXTRAORDINARY INCOME						
Gain on sale of fixed assets	-			641		
Reversal of allowance for doubtful receivables	2,974	2,974	0.0	9,736	10,377	0.0
VII EXTRAORDINARY LOSSES						
Loss on disposal of fixed assets	6,565			34,712		
Loss on write-down of golf club memberships	2,950			-		
Loss on write-down of investment securities	35,487	45,002	0.2	-	34,712	0.1
Income before income taxes and minority interests		819,597	3.8		2,249,410	7.7
Current taxes	472,814			829,402		
Deferred taxes	(116,809)	356,005	1.7	(218,503)	610,899	2.1
Minority interest in income (loss) of consolidated subsidiaries		762	0.0		(2,594)	(0.0)
NET INCOME		462,829	2.1		1,641,104	5.6

3) Consolidated statement of retained earnings

(thousands of yen)

Account	Period	FY2003 (For the Year Ended March 31, 2003)		FY2004 (For the Year Ended March 31, 2004)	
		Amount		Amount	
<b>CAPITAL SURPLUS</b>					
I	Capital surplus at beginning of period		2,959,387		2,959,387
II	Increase in capital surplus				
	Issue of new shares for capital increase		-	26,220	26,220
III	Capital surplus, end of period		2,959,387		2,985,607
<b>RETAINED EARNINGS</b>					
I	Retained earnings at beginning of period		(553,446)		(228,993)
II	Increase in retained earnings				
	Net income	462,829		1,641,104	
	Increase in retained earnings by sale of consolidated subsidiary	-	462,829	569	1,641,674
III	Decrease in retained earnings				
	Sales of consolidated subsidiary	138,376		-	
	Cash dividends	-	138,376	37,110	37,110
IV	Retained earnings at end of period		(228,993)		1,375,570

## 4) Consolidated statement of cash flows

(thousands of yen)

Account	Period	FY2003 (For the Year Ended March 31, 2003)	FY2004 (For the Year Ended March 31, 2004)	Increase (decrease)
		Amount	Amount	Amount
<b>I OPERATING ACTIVITIES</b>				
Income before income taxes and minority interest		819,597	2,249,410	1,429,812
Depreciation		1,116,462	1,327,782	211,319
Amortization of deferred assets		20,891	24,863	3,971
Amortization of consolidated adjustment account		(3,908)	(272)	3,635
Increase (decrease) in allowance for doubtful receivables		(34,263)	(14,632)	19,630
Increase (decrease) liability for employees' retirement benefits		95,712	57,109	(38,602)
Increase (decrease) in bonus allowance		43,216	89,032	45,815
Interest and dividends income		(11,643)	(9,786)	1,856
Interest expense		297,244	389,419	92,174
Exchange loss (gains) on foreign exchange		437,058	419,061	(17,997)
Equity in earnings		(12,557)	(2,657)	9,899
Loss (gains) on sale of fixed assets		-	(641)	(641)
Loss on disposal and sale of property, plant and equipment		6,565	34,712	28,147
Loss on securities management		12,272	-	(12,272)
Loss on write-down of investment securities		35,487	-	(35,487)
Loss on write-down of golf club membership		2,950	-	(2,950)
Decrease (increase) in notes and accounts receivable - trade		(750,586)	(2,032,732)	(1,282,145)
Decrease (increase) in inventories		(1,271,986)	(533,043)	738,943
Increase (decrease) in trade notes and accounts payable - trade		1,799,976	2,912,753	1,112,776
Decrease (increase) in other assets		88,153	(500,289)	(588,443)
Increase (decrease) in other liabilities		(518,835)	650,254	1,169,089
Subtotal		2,171,807	5,060,341	2,888,534
Interests and dividends received		11,478	9,740	(1,737)
Interests paid		(225,674)	(326,326)	(100,652)
Income taxes - paid		(39,978)	(736,852)	(696,873)
Net cash provided by operating activities		1,917,632	4,006,902	2,089,270
<b>II INVESTING ACTIVITIES</b>				
Payment for purchase of securities		(9,149)	-	9,149
Proceeds from sale of securities		41,128	-	(41,128)
Payment for business transfer		-	(350,000)	(350,000)
Payment for purchase of property, plant and equipment		(1,712,391)	(3,563,932)	(1,851,540)
Payment for purchase of intangible assets		(15,118)	(6,573)	8,545
Proceeds from sale of investment securities		16,078	-	(16,078)
Payment for purchase of investment securities		(26,771)	(15,001)	11,770
Payment for acquisition of deferred assets		(27,932)	-	27,932
Payment for time deposits		(145,650)	(124,700)	20,950
Proceeds from withdrawal of time deposits		147,190	67,800	(79,390)
Payment for premium reserve		(52,375)	(55,043)	(2,668)
Others		7,483	198,352	190,869
Net cash provided by (used in) investing activities		(1,777,508)	(3,849,097)	(2,071,589)
<b>III FINANCING ACTIVITIES</b>				
Increase (decrease) in short-term bank loans payable		235,226	(2,471,559)	(2,706,785)
Proceeds from long-term loans payable		2,600,000	8,290,000	5,690,000
Repayment of long-term loans payable		(2,787,375)	(4,146,390)	(1,359,015)
Proceeds from shares issued to minority interests		-	1,479	1,479
Proceeds from issue of shares		-	52,440	52,440
Repayment of installment transaction liabilities		(694,508)	(606,512)	87,995
Acquisition of treasury stocks		(122,398)	(138,519)	(16,120)
Payment of dividends		-	(37,110)	(37,110)
Net cash provided by (used in) financing activities		(769,055)	943,827	1,712,883
<b>IV EXCHANGE RATE TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS</b>				
		(414,244)	(751,519)	(337,275)
<b>V INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>				
		(1,043,175)	350,113	1,393,289
<b>VI CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD</b>				
		2,531,919	1,472,703	(1,059,216)
<b>VII Decrease in balance at beginning of period due to changes of balance sheet date of consolidated subsidiaries</b>				
		(16,040)	-	16,040
<b>VIII CASH AND CASH EQUIVALENTS, END OF PERIOD</b>				
		1,472,703	1,822,816	350,113

## The Basis of Presenting the Consolidated Financial Statements

### 1. Matters concerning the scope of consolidation

#### (1) Consolidated subsidiaries: 12

Company name of consolidated subsidiaries

Multitech Co., Ltd

MEIKO FINE Co., Ltd.

MK Tech Co., Ltd.

Yamagata Meiko Electronics Co., Ltd.

MD SYSTEMS Co., Ltd.

THIAC Co., Ltd.

Meiko Circuit Co., Ltd.

MEIKO ELEC. HONG KONG CO., LTD.

MEIKO ASIA CO., LTD.

MEIKO ELECTRONICS (GUANGZHOU NANSHA) CO., LTD.

MEIKO MARINA HONG KONG CO., LIMITED

MDS CIRCUIT TECHNOLOGY, INC.

Of the companies listed above, Meiko Circuit Co., Ltd., and MEIKO MARINA HONG KONG CO., LIMITED are included additionally in the scope of consolidation because they were established during the fiscal year ended March 31, 2004.

Beijing Meiko Multi-Media Technology Development Co., Ltd. is excluded from the scope of consolidation because all of the shares owned by the Company were sold during the fiscal year.

MEIKO CIRCUIT TECHNOLOGY, INC. was renamed Togoshi Co., Ltd. on April 1, 2004.

#### (2) Non-consolidated subsidiaries

No reportable information.

#### (3) Reasons for exclusion from consolidation

No reportable information.

### 2. Affiliates accounted for by the equity method

#### (1) Affiliates accounted for by the equity method: 1

J.MACC Co., Ltd.

#### (2) Affiliates not accounted for by the equity method

No reportable information.

#### (3) Reasons for exclusion

No reportable information.

#### (4) Special remarks concerning application of the equity method

Of the affiliates under the equity method, certain companies have fiscal year-end date other than that of the Company. To prepare for consolidation, financial statements of such companies are used as they are.

### 3 Fiscal-year-end date of consolidated subsidiaries

Of the consolidated subsidiaries, MEIKO ELEC. HONG KONG CO., LTD., MEIKO ASIA CO., LTD., MEIKO ELECTRONICS (GUANGZHOU NANSHA) CO., LTD, and MEIKO MARINA HONG KONG CO., LIMITED settled their accounts on December 31, 2003. Yamagata Meiko Electronics Co., Ltd. settled their accounts on January 31, 2004.

As for these companies, we have used the preliminary financial statements prepared as of the consolidated fiscal-year-end date.

### 4. Significant accounting policies

#### (1) Valuation criteria and methods for principal assets

##### 1) Securities

Other securities

Securities with market quotations:

Securities with market quotations are carried at fair value. Unrealized gain or loss is included in shareholders' equity. Cost of securities sold is determined by the moving-average method.

Securities without market quotations:

Securities without market quotations are stated at cost being determined by the moving-average method.

- 2) Derivative transactions
  - Fair value method.
- 3) Inventories
  - Cost method by first-in first-out. (FIFO)
- (2) Depreciation and amortization of principal fixed assets
  - 1) Property, plant and equipment
 

The Company and its domestic consolidated subsidiaries adopt the declining balance method, and the overseas consolidated subsidiaries adopt the straight-line method.

Useful life and the residual values are calculated in accordance with the Corporate Tax Law.

However, in case of buildings (excepting fixtures to the building) acquired by the Company and its domestic consolidated subsidiaries on and after April 1, 1998, depreciation is calculated by the straight-line method.
  - 2) Intangible assets
 

The amortization is calculated by the straight-line method.

Useful life is calculated in accordance with the Corporate Tax Law of Japan.

However, costs for software used internally are amortized by the straight-line method over the internally usable period, which is five years.
- (3) Recognition of significant allowances
  - 1) Allowance for doubtful receivables
 

By collectibility, allowance equal to the estimated amount of uncollectible receivables are provided based on a case-by-case determination by the following method:

    - a. General receivables
 

Allowances are calculated based on the loan loss rate
    - b. Potential bankrupt and bankrupt debtors
 

Allowances are calculated based on the financial content evaluation method.
  - 2) Bonus allowance
 

To provide for employees' bonus payments, the Company and its domestic consolidated companies provide allowances based on the estimated bonus obligation.
  - 3) Liability for employees' retirement benefits
 

To provide for accrued employees' retirement benefits, the Company and its domestic consolidated subsidiaries provide an allowance based on projected benefit obligations and pension assets at the end of the fiscal year.

Actuarial variance is amortized over a period of 13 years, which falls within the average remaining years of service of the employees, from the year following one when the variance is recognized
- (4) Accounting for leases
 

Finance leases, other than those which are deemed to transfer the ownership of the leased assets to the lessees, are accounted for by a method similar to that applicable to ordinary finance lease transactions.
- (5) Accounting for hedges
  - 1) Accounting for hedges, such as deferred hedge
 

Accounting for deferred hedge is adopted.

However, receivables and payables denominated in foreign currencies hedged by toward exchange contracts are accounted for by the shot cut method.

Interest swap transactions are not specifically revaluated because of the matched cash flows as required for an acceptance.
  - 2) Hedging instruments and risk hedged
 

Hedging instruments: Derivative transactions (forward exchange contracts and interest swap transactions)

Risk hedged: Assets or liabilities in which a loss maybe incurred due to exchange rate fluctuations, etc., but such loss can be set off with a hedging instrument by countering exchange rate fluctuation or variable cash flows.
  - 3) Hedging policy
 

As for each risk identified to be hedged, a hedge instruction is issued for a contract.
  - 4) Assessing the effectiveness of a hedging
 

The effectiveness of hedging is assessed once every six months. The assessment method is consistently applied for a hedge period.

Assessment of the effectiveness of a hedge is made by using the ratio analysis method, which is designed to analyze a ratio between cumulative cash flow fluctuations of a risk hedged and those of its hedging instrument.
  - 5) Hedge accounting used included in other risk management methods
 

The transactions are periodically reported at the Board of Directors Meeting.

(6) Other important matters to prepare consolidated financial statements

Accounting for consumption taxes

All amounts stated are exclusive of consumption and local taxes.

5. Re-measurement of assets and liabilities of consolidated subsidiaries

The full portion of assets and liabilities of consolidated subsidiaries is marked to fair value as of acquisition of control.

6. Amortization of consolidation adjustment account

The consolidation adjustment account is amortized over five years by the straight-line method.

A small sum consolidated adjustment account is charged to income for the fiscal year in which they arise.

7. Appropriation of retained earnings

As for appropriation of retained earnings or disposition of loss, items which have already been fixed during the fiscal year under review are reported on the consolidated statements of retained earnings.

8. Scope of cash and cash equivalents in the consolidated statements of cash flows

For the purpose of fiscal year consolidated statements of cash flows, cash and cash equivalents consist of vault cash, deposits that can be withdrawn on demand, and short-term investments, with original maturities of three months or less, that are readily convertible to known amounts of cash and present insignificant risk of change in value.

**Notes to Financial Statements**  
**Notes to consolidated balance sheets**

(thousands of yen)

FY2003 (As of March 31, 2003)	FY2004 (As of March 31, 2004)
1. The following items are applicable to affiliates Investment securities (equity securities) 88,725	1. The following items are applicable to affiliates Investment securities (equity securities) 94,021
2. Assets pledged as collateral Liabilities corresponding to assets pledged as collateral: Borrowing of equipment funds (575,644 thousand yen, long-term loans payable: 184,020 thousand yen and long-term loans payable due within one year: 391,624 thousand yen). Borrowing of working capital (short-term bank loans payable: 1,457,371 thousand yen.)	2. Assets pledged as collateral: Liabilities corresponding to assets pledged as collateral: Borrowing of equipment funds (755,458 thousand yen, long-term loans payable: 468,594 thousand yen and long-term loans payable due within one year: 286,864 thousand yen). Borrowing of working capital (short-term bank loans payable: 215,000 thousand yen.)
Deposits 566,400 Accounts receivables 11,070 Buildings 1,541,324 Structures 73,209 Land 668,650 Investment securities 2,226 Reserves for insurance 370,074 <hr/> Total 3,232,956	Deposits 556,400 Buildings 1,566,171 Structures 63,186 Land 1,106,390 Investment securities 10,304 <hr/> Total 3,312,451
3. Bills receivable discounted 1,119,850	3. Bills receivable discounted 1,016,385

**Notes to consolidated statements of income**

(thousands of yen)

FY2003 (For the Year Ended March 31, 2003)	FY2004 (For the Year Ended March 31, 2004)
1. Significant components and corresponding amounts of selling, general and administrative expenses Payroll and miscellaneous allowance 835,283 Provision of bonus allowance 133,385 Provision of retirement benefits 19,520	1. Significant components and corresponding amounts of selling, general and administrative expenses Pay roll and miscellaneous allowance 936,757 Delivery cost 415,841 Provision of bonus allowance 93,829 Provision of retirement benefits 29,729
2. R&D cost included in general and administrative expenses and manufacturing cost are as follows: General and administrative expenses 260,269 Manufacturing cost 212,984 <hr/> Total 473,253	2. R&D cost included in general and administrative expenses and manufacturing cost are as follows: General and administrative expenses 175,571 Manufacturing cost 383,538 <hr/> Total 559,109
3. Significant components of loss on disposal of fixed assets Machinery equipment 1,983 Vehicles 205 Tools, furniture and fixtures 4,375 <hr/> Total 6,565	3. Significant components of loss on disposal of fixed assets Buildings 24,482 Structures 42 Machinery equipment 4,408 Vehicles 683 Tools, furniture and fixtures 5,095 <hr/> Total 34,712

**Notes to consolidated statements of cash flows**

(thousands of yen)

FY2003 (For the Year Ended March 31, 2003)	FY2004 (For the Year Ended March 31, 2004)																						
<p>1. Reconciliation of balance sheet items to cash and cash equivalents in the fiscal year consolidated statements of cash flows:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 20px;">Cash and deposits</td> <td style="text-align: right;">2,717,321</td> </tr> <tr> <td style="padding-left: 20px;">Time deposits deposited more than 3 months</td> <td style="text-align: right;">(1,244,618)</td> </tr> <tr> <td style="padding-left: 20px; border-top: 1px solid black;">Cash and cash equivalents</td> <td style="text-align: right; border-top: 1px solid black;">1,472,703</td> </tr> </table>	Cash and deposits	2,717,321	Time deposits deposited more than 3 months	(1,244,618)	Cash and cash equivalents	1,472,703	<p>1. Reconciliation of balance sheet items to cash and cash equivalents in the fiscal year consolidated statements of cash flows:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 20px;">Cash and deposits</td> <td style="text-align: right;">3,124,367</td> </tr> <tr> <td style="padding-left: 20px;">Time deposits deposited more than 3 months</td> <td style="text-align: right;">(1,301,550)</td> </tr> <tr> <td style="padding-left: 20px; border-top: 1px solid black;">Cash and cash equivalents</td> <td style="text-align: right; border-top: 1px solid black;">1,822,816</td> </tr> </table> <p>2. Assets increased by purchase during the fiscal year are as follows.</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 20px;">Inventories</td> <td style="text-align: right;">14,898</td> </tr> <tr> <td style="padding-left: 20px;">Property, plant and equipment</td> <td style="text-align: right;">68,829</td> </tr> <tr> <td style="padding-left: 20px;">Land</td> <td style="text-align: right;">256,800</td> </tr> <tr> <td style="padding-left: 20px;">Intangible assets</td> <td style="text-align: right;">9,473</td> </tr> <tr> <td style="padding-left: 20px; border-top: 1px solid black;"></td> <td style="text-align: right; border-top: 1px solid black;">350,000</td> </tr> </table>	Cash and deposits	3,124,367	Time deposits deposited more than 3 months	(1,301,550)	Cash and cash equivalents	1,822,816	Inventories	14,898	Property, plant and equipment	68,829	Land	256,800	Intangible assets	9,473		350,000
Cash and deposits	2,717,321																						
Time deposits deposited more than 3 months	(1,244,618)																						
Cash and cash equivalents	1,472,703																						
Cash and deposits	3,124,367																						
Time deposits deposited more than 3 months	(1,301,550)																						
Cash and cash equivalents	1,822,816																						
Inventories	14,898																						
Property, plant and equipment	68,829																						
Land	256,800																						
Intangible assets	9,473																						
	350,000																						

## Accounting for leases

(thousands of yen)

FY2003 (For the Year Ended March 2003)				FY2004 (For the Year Ended March 2004)			
Finance lease transactions other than in which the title to the leased property is transferred to the lessee. Information as a lessee (1) Acquisition cost, accumulated depreciation and year-end balance equivalents of the leased property.				Finance lease transactions other than in which the title to the leased property is transferred to the lessee. Information as a lessee (1) Acquisition cost, accumulated depreciation and year-end balance equivalents of the leased property.			
	Acquisition cost	Accumulated depreciation	Year-end balance		Acquisition cost	Accumulated depreciation	Year-end balance
Machinery equipment	2,586,480	1,769,200	817,279	Machinery equipment	2,111,422	1,669,859	441,562
Tools, furniture and fixtures	335,504	257,265	78,239	Tools, furniture and fixtures	179,575	143,760	35,815
Software	114,541	61,949	52,592	Software	121,143	62,934	58,209
Total	3,036,527	2,088,415	948,111	Total	2,412,141	1,876,553	535,587
(2) Outstanding lease commitments as of the end of year:				(2) Outstanding lease commitments as of the end of year:			
	Due within one year		541,585		Due within one year		259,896
	Due after one year		409,774		Due after one year		271,135
	Total		951,360		Total		531,032
(3) Lease payments, Depreciation and interest equivalents				(3) Lease payments, Depreciation and interest equivalents			
	Lease payments		716,497		Lease payments		636,886
	Depreciation		642,928		Depreciation		582,502
	Interest expense		49,027		Interest expense		33,771
(4) Calculation of accumulated depreciation equivalents Depreciation is based on the straight-line method, assuming the lease period to be the useful life and a residual value of zero.				(4) Calculation of accumulated depreciation equivalents Same as on the left.			
(5) Calculation of interest equivalents Interest is assumed to be the difference between the total lease payment and the acquisition cost equivalent, and is allocated for each period using the simple-interest method.				(5) Calculation of interest equivalents Same as on the left.			

## Securities

Previous consolidated fiscal year

### 1. Securities with market quotations (As of March 31, 2003)

Other securities

(thousands of yen)

Securities	Acquisition cost	Carrying value	Valuation gain (loss)
Equity securities	37,595	34,871	(2,724)
Total	37,595	34,871	(2,724)

Note: Acquisition cost in the table represents book values after impairment. For fiscal 2003, impairment loss of 35,487 thousand yen was charged as a loss on write-down of investment securities.

### 2. Major securities without market quotations (As of March 31, 2003)

Except held-to-maturity bonds with market quotations

(thousands of yen)

Securities	Carrying value
(1) Shares of non-consolidated subsidiaries and affiliates	88,725
(2) Other securities Unlisted stock (excluding OTC stock)	41,037
Total	129,762

### 3. Sale of securities classified as Other securities (April 1, 2002 – March 31, 2003)

(thousands of yen)

Aggregate sales amount	Aggregate gain	Aggregate loss
18,203	448	2,565

Current consolidated fiscal year

### 1. Securities with market quotations (As of March 31, 2004)

Other securities

(thousands of yen)

Security	Acquisition cost	Carrying value	Valuation gain (loss)
Equity securities	37,618	117,696	80,078
Total	37,618	117,696	80,078

### 2. Major securities without market quotations (As of March 31, 2004)

Except held-to-maturity bonds with market quotations.

(thousands of yen)

Securities	Carrying value
(1) Shares of non-consolidated subsidiaries and affiliates	94,021
(2) Other securities Unlisted stock (excluding OTC stock)	49,734
Total	143,756

### 3. Sale of securities classified as Other Securities (April 1, 2003 – March 31, 2004)

No reportable information.

## Derivative transactions

### 1. Basic information

<p style="text-align: center;">FY2003 (For the Year Ended March 31, 2003)</p>	<p style="text-align: center;">FY2004 (For the Year Ended March 31, 2004)</p>
<p>(1) Purpose of derivative transactions The derivative transactions used by the Group are the forward foreign exchange contracts transactions and the interest rate swap transactions.</p> <p>(2) Transaction policy The Group uses derivative transactions to reduce its exposure to market risks from fluctuations in interest rate and foreign currency exchange. The Company does not hold or issue financial derivative instruments for trading purposes.</p> <p>(3) Transaction risks The Group uses derivative transactions to mitigate. (i) risks or exchange rate fluctuations in foreign currency denominated receivables and payables to secure stable income and (ii) those of rising market interest rates in relation to interest payments on borrowings.</p> <p>1) Hedging instrument and risk hedged Hedging instruments: Derivatives transactions (forwarded foreign exchange contracts and interest rate swap transactions) Risk hedged: Assets or liabilities in which a loss maybe incurred due to exchange rate fluctuations, etc., but such loss can be set off with a hedging instrument by countering exchange rate fluctuation or variable cash flows.</p> <p>2) Hedging policy As for each risk identified to be hedged, a hedge instruction is issued for a contract.</p> <p>3) Method of assessing effectiveness of a hedge transaction The effectiveness of hedging is assessed once every six months. The assessment method is consistently applied for a hedge period. Assessment of the effectiveness of a hedge is made by using the ratio analysis method, which is designed to analyze a ratio between cumulative cash flow fluctuations of a risk hedged and those of its hedging instrument.</p> <p>4) Hedge accounting used under other risk management methods The transactions are periodically reported at the board of directors meeting.</p> <p>(4) Contents of risks in transactions The derivative transactions of the Group are exposed to market risks from fluctuations in interest rate and foreign currency exchange. The company considers that there is no significant credit risk arising from a counterparty's default. The company's coutreparties are major domestic financial institutions with high credit ratings.</p>	<p>(1) Purpose of derivative transactions The derivative transactions used by the Group are the forward foreign exchange contracts transactions and the interest rate swap transactions.</p> <p>(2) Transaction policy The Group uses derivative transactions to reduce its exposure to market risks from fluctuations in interest rate and foreign currency exchange. The Company does not hold or issue financial derivative instruments for trading purposes.</p> <p>(3) Transaction risks The Group uses derivative transactions to mitigate. (i) risks or exchange rate fluctuations in foreign currency denominated receivables and payables to secure stable income and (ii) those of rising market interest rates in relation to interest payments on borrowings.</p> <p>1) Hedging instrument and risk hedged Hedging instruments: Derivatives transactions (forwarded foreign exchange contracts and interest rate swap transactions) Risk hedged: Assets or liabilities in which a loss maybe incurred due to exchange rate fluctuations, etc., but such loss can be set off with a hedging instrument by countering exchange rate fluctuation or variable cash flows.</p> <p>2) Hedging policy As for each risk identified to be hedged, a hedge instruction is issued for a contract.</p> <p>3) Method of assessing effectiveness of a hedge transaction The effectiveness of hedging is assessed once every six months. The assessment method is consistently applied for a hedge period. Assessment of the effectiveness of a hedge is made by using the ratio analysis method, which is designed to analyze a ratio between cumulative cash flow fluctuations of a risk hedged and those of its hedging instrument.</p> <p>4) Hedge accounting used under other risk management methods The transactions are periodically reported at the board of directors meeting.</p> <p>(4) Contents of risks in transactions The derivative transactions of the Group are exposed to market risks from fluctuations in interest rate and foreign currency exchange. The company considers that there is no significant credit risk arising from a counterparty's default. The company's coutreparties are major domestic financial institutions with high credit ratings.</p>

FY2003 (For the Year Ended March 31, 2003)	FY2004 (For the Year Ended March 31, 2004)
<p>(5) Risk management The derivative transactions are executed and managed pursuant to the In-house Control Rules. For execution, the Finance Section, Accounting Dept. gains the prior approval of a final authority, and the department monitors and controls the transactions. The derivative transactions are periodically reported at the board of directors meeting.</p> <p>(6) Supplementary information on fair value of transactions The contract amounts or notional principal amounts of derivative financial instruments represent contractual values or notional principal value of derivative financial instruments outstanding as of March 31, 2004. These amounts do not represent by themselves the market risk and credit risk related to derivative financial instruments.</p>	<p>(5) Risk management The derivative transactions are excuted and managed pursuant to the In-house Control Rules. For execution, personnel of the Finance Section, Accounting Dept. gains the prior approval of a final authority, and the department monitors and controls the transactions. The derivative transactions are periodically reported at the board of directors meeting.</p> <p>(6) Supplementary information on fair value of transactions The contract amounts or notional principal amounts of derivative financial instruments represent contractual values or notional principal value of derivative financial instruments outstanding as of March 31, 2004. These amounts do not represent by themselves the market risk and credit risk related to derivative financial instruments.</p>

## 2. Fair contract values

Contract amount of derivative transaction, market price, and revaluation profit or loss.

### (1) Foreign exchange-related

FY2003 (For the Year Ended March 31, 2003)	FY2004 (For the Year Ended March 31, 2004)
<p>No reportable information. Pursuant to Accounting Standards for Foreign Currency Transactions, the derivative transactions, which are qualified for the short cut method as to specific receivables/payables in foreign currencies are excluded from information to be disclosed.</p>	<p>No reportable information. Pursuant to Accounting Standards for Foreign Currency Transactions, the derivative transactions, which are qualified for the short cut method as to specific receivables/payables in foreign currencies are excluded from information to be disclosed.</p>

### (2) Interest rate-related

No reportable information.

## Retirement benefits

(thousands of yen)

FY2003 (For the Year Ended March 31, 2003)	FY2004 (For the Year Ended March 31, 2004)																				
<p>1. Retirement benefit plans The Company and Yamagata Meiko Electronics Co., Ltd. adopt the tax qualified pension plan and the lump-sum retirement benefit plan that fall under defined-benefit pension plan. We also contribute funds to the Nippon Printed Wiring Industry Welfare Pension Fund, but the amount of pension assets cannot be calculated reasonably, therefore, they are excluded from the calculation of retirement benefit obligation, pension assets, and retirement benefit expenses stated below. (The pension assets calculated at the rate of pension contributions to the Pension Fund are 1,127,454 thousand yen.)</p>	<p>1. Retirement benefit plans The Company and Yamagata Meiko Electronics Co., Ltd. adopt the tax qualified pension plan and the lump-sum retirement benefit plan that fall under a defined-benefit pension plan. We also contribute funds to the Nippon Printed Wiring Industry Welfare Pension Fund, but the amount of pension assets cannot be calculated reasonably, therefore, they are excluded from the calculation of retirement benefit obligation, pension assets, and retirement benefit expenses stated below. (The pension assets calculated at the rate of pension contributions to the Pension Fund are 1,566,386 thousand yen.)</p>																				
<p>2. Retirement benefit obligations</p> <table> <tr> <td>Retirement benefit obligation</td> <td style="text-align: right;">(857,210)</td> </tr> <tr> <td>Plan assets at fair value</td> <td style="text-align: right;">339,386</td> </tr> <tr> <td>Unrecognized actuarial variance</td> <td style="text-align: right;">67,994</td> </tr> <tr> <td>Liability for employees' retirement benefits</td> <td style="text-align: right;">(449,829)</td> </tr> </table>	Retirement benefit obligation	(857,210)	Plan assets at fair value	339,386	Unrecognized actuarial variance	67,994	Liability for employees' retirement benefits	(449,829)	<p>2. Retirement benefit obligations</p> <table> <tr> <td>Retirement benefit obligation</td> <td style="text-align: right;">(922,573)</td> </tr> <tr> <td>Plan assets at fair value</td> <td style="text-align: right;">355,062</td> </tr> <tr> <td>Unrecognized actuarial variance</td> <td style="text-align: right;">60,571</td> </tr> <tr> <td>Liability for employees' retirement benefits</td> <td style="text-align: right;">(506,939)</td> </tr> </table>	Retirement benefit obligation	(922,573)	Plan assets at fair value	355,062	Unrecognized actuarial variance	60,571	Liability for employees' retirement benefits	(506,939)				
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<p>3. Retirement benefit expenses</p> <table> <tr> <td>Service cost</td> <td style="text-align: right;">75,916</td> </tr> <tr> <td>Interest cost</td> <td style="text-align: right;">15,794</td> </tr> <tr> <td>Expected return on plan assets</td> <td style="text-align: right;">(7,287)</td> </tr> <tr> <td>Recognized of actuarial variance</td> <td style="text-align: right;">(1,961)</td> </tr> <tr> <td>Total retirement benefit expenses</td> <td style="text-align: right;">82,461</td> </tr> </table>	Service cost	75,916	Interest cost	15,794	Expected return on plan assets	(7,287)	Recognized of actuarial variance	(1,961)	Total retirement benefit expenses	82,461	<p>3. Retirement benefit expenses</p> <table> <tr> <td>Service cost</td> <td style="text-align: right;">95,803</td> </tr> <tr> <td>Interest cost</td> <td style="text-align: right;">12,980</td> </tr> <tr> <td>Expected return on plan assets</td> <td style="text-align: right;">(2,016)</td> </tr> <tr> <td>Recognized of actuarial variance</td> <td style="text-align: right;">10,907</td> </tr> <tr> <td>Total retirement benefit expenses</td> <td style="text-align: right;">117,674</td> </tr> </table>	Service cost	95,803	Interest cost	12,980	Expected return on plan assets	(2,016)	Recognized of actuarial variance	10,907	Total retirement benefit expenses	117,674
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<p>4. Assumptions used for the above plans</p> <table> <tr> <td>Distribution of estimated retirement benefit obligations</td> <td style="text-align: center;">Straight line</td> </tr> <tr> <td>Discount rate</td> <td style="text-align: center;">2.0%</td> </tr> <tr> <td>Expected return on assets</td> <td style="text-align: center;">1.0%</td> </tr> <tr> <td>Amortization period of actuarial</td> <td style="text-align: center;">13 years</td> </tr> </table> <p>Actuarial is amortized by the straight-line method over a period, which falls within the average remaining years of service of the employees, from the year following the year in which it is recognized.</p>	Distribution of estimated retirement benefit obligations	Straight line	Discount rate	2.0%	Expected return on assets	1.0%	Amortization period of actuarial	13 years	<p>4. Assumptions used for the above plans</p> <table> <tr> <td>Distribution of estimated retirement benefit obligations</td> <td style="text-align: center;">Straight line</td> </tr> <tr> <td>Discount rate</td> <td style="text-align: center;">2.0%</td> </tr> <tr> <td>Expected return on assets</td> <td style="text-align: center;">1.0%</td> </tr> <tr> <td>Amortization period of actuarial</td> <td style="text-align: center;">13 years</td> </tr> </table> <p>Actuarial is amortized by the straight-line method over a period, which falls within the average remaining years of service of the employees, from the year following the year in which it is recognized.</p>	Distribution of estimated retirement benefit obligations	Straight line	Discount rate	2.0%	Expected return on assets	1.0%	Amortization period of actuarial	13 years				
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## Tax effect accounting

(thousands of yen)

FY2003 (For the Year Ended March 31, 2003)	FY2004 (For the Year Ended March 31, 2004)																																																		
<p>1. Significant components of deferred tax assets and liabilities</p> <p>Deferred tax assets</p> <table> <tr> <td>Elimination of unrealized income</td> <td style="text-align: right;">72,920</td> </tr> <tr> <td>Portions exceeding limit to deductible amount of retirement benefit allowance</td> <td style="text-align: right;">149,062</td> </tr> <tr> <td>Portions exceeding limit to deductible amount of bonus allowance</td> <td style="text-align: right;">84,743</td> </tr> <tr> <td>Loss on write-down of golf club memberships</td> <td style="text-align: right;">52,238</td> </tr> <tr> <td>Loss carry forward</td> <td style="text-align: right;">1,068,034</td> </tr> <tr> <td>Others</td> <td style="text-align: right;">69,079</td> </tr> <tr> <td>Sub-total</td> <td style="text-align: right;"><u>1,496,078</u></td> </tr> <tr> <td>Valuation reserve</td> <td style="text-align: right;"><u>(1,085,147)</u></td> </tr> <tr> <td>Deferred tax assets - Total</td> <td style="text-align: right;"><u><u>410,931</u></u></td> </tr> </table> <p>Deferred tax liabilities</p> <table> <tr> <td>Elimination of allowance for doubtful receivable</td> <td style="text-align: right;">(7,692)</td> </tr> <tr> <td>Deferred tax liabilities - Total</td> <td style="text-align: right;"><u>(7,692)</u></td> </tr> <tr> <td>Deferred tax assets - Net</td> <td style="text-align: right;"><u><u>403,238</u></u></td> </tr> </table>	Elimination of unrealized income	72,920	Portions exceeding limit to deductible amount of retirement benefit allowance	149,062	Portions exceeding limit to deductible amount of bonus allowance	84,743	Loss on write-down of golf club memberships	52,238	Loss carry forward	1,068,034	Others	69,079	Sub-total	<u>1,496,078</u>	Valuation reserve	<u>(1,085,147)</u>	Deferred tax assets - Total	<u><u>410,931</u></u>	Elimination of allowance for doubtful receivable	(7,692)	Deferred tax liabilities - Total	<u>(7,692)</u>	Deferred tax assets - Net	<u><u>403,238</u></u>	<p>1. Significant components of deferred tax assets and liabilities</p> <p>Deferred tax assets</p> <table> <tr> <td>Elimination of unrealized income</td> <td style="text-align: right;">39,425</td> </tr> <tr> <td>Portions exceeding limit to deductible amount of retirement benefit allowance</td> <td style="text-align: right;">174,965</td> </tr> <tr> <td>Portions exceeding limit to deductible amount of bonus allowance</td> <td style="text-align: right;">124,158</td> </tr> <tr> <td>Loss on write-down of golf club memberships</td> <td style="text-align: right;">52,238</td> </tr> <tr> <td>Loss carry forward</td> <td style="text-align: right;">852,555</td> </tr> <tr> <td>Others</td> <td style="text-align: right;">75,197</td> </tr> <tr> <td>Sub-total</td> <td style="text-align: right;"><u>1,318,540</u></td> </tr> <tr> <td>Valuation reserve</td> <td style="text-align: right;"><u>(702,724)</u></td> </tr> <tr> <td>Deferred tax assets - Total</td> <td style="text-align: right;"><u><u>615,815</u></u></td> </tr> </table> <p>Deferred tax liabilities</p> <table> <tr> <td>Securities revaluation differences</td> <td style="text-align: right;"><u>(32,543)</u></td> </tr> <tr> <td>Elimination of allowance for doubtful receivable</td> <td style="text-align: right;"><u>(1,835)</u></td> </tr> <tr> <td>Deferred tax liabilities - Total</td> <td style="text-align: right;"><u>(34,378)</u></td> </tr> <tr> <td>Deferred tax assets - Net</td> <td style="text-align: right;"><u><u>581,436</u></u></td> </tr> </table>	Elimination of unrealized income	39,425	Portions exceeding limit to deductible amount of retirement benefit allowance	174,965	Portions exceeding limit to deductible amount of bonus allowance	124,158	Loss on write-down of golf club memberships	52,238	Loss carry forward	852,555	Others	75,197	Sub-total	<u>1,318,540</u>	Valuation reserve	<u>(702,724)</u>	Deferred tax assets - Total	<u><u>615,815</u></u>	Securities revaluation differences	<u>(32,543)</u>	Elimination of allowance for doubtful receivable	<u>(1,835)</u>	Deferred tax liabilities - Total	<u>(34,378)</u>	Deferred tax assets - Net	<u><u>581,436</u></u>
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<p>2. Difference between the statutory and effective tax rates</p> <p>Information on the difference between the statutory and effective tax rates is not presented for fiscal year since the difference between the statutory tax rate and the effective tax rate was less than 5/100.</p>	<p>2. Difference between the statutory and effective tax rates</p> <table> <tr> <td>Statutory tax rate</td> <td style="text-align: right;">42.0%</td> </tr> <tr> <td>(Adjustments)</td> <td></td> </tr> <tr> <td>Entertainment expenses and other items not to be included in expenses permanently</td> <td style="text-align: right;">0.6%</td> </tr> <tr> <td>Per-capita residents tax</td> <td style="text-align: right;">0.6%</td> </tr> <tr> <td>Tax on reserved income of family-owned companies</td> <td style="text-align: right;">3.1%</td> </tr> <tr> <td>Tax rate difference from overseas subsidiaries</td> <td style="text-align: right;">(6.0)%</td> </tr> <tr> <td>Loss carry forward at subsidiary</td> <td style="text-align: right;">(12.3)%</td> </tr> <tr> <td>Others</td> <td style="text-align: right;"><u>(0.8)%</u></td> </tr> <tr> <td>Effective tax rate based on tax-effect accounting</td> <td style="text-align: right;"><u><u>27.2%</u></u></td> </tr> </table>	Statutory tax rate	42.0%	(Adjustments)		Entertainment expenses and other items not to be included in expenses permanently	0.6%	Per-capita residents tax	0.6%	Tax on reserved income of family-owned companies	3.1%	Tax rate difference from overseas subsidiaries	(6.0)%	Loss carry forward at subsidiary	(12.3)%	Others	<u>(0.8)%</u>	Effective tax rate based on tax-effect accounting	<u><u>27.2%</u></u>																																
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<p>3. Adjustment of deferred tax assets and liabilities for changes in income tax rates</p> <p>The statutory tax rate employed for calculating deferred tax assets and liabilities for the year was changed from 42.00% applied in the previous year to 40.64% (only for items to be realized on and after April 1, 2004) in compliance with the Partial Revision of the Local Taxation Act (Law No. 9 of 2003) that became effective on March 31, 2003.</p> <p>The effect of this change was to decrease deferred tax assets (net of deferred tax liabilities) by 6,303 thousand yen, decrease deferred taxes by 6,266 thousand yen and increase unrealized gain on available-for-sale securities 37 thousand yen, compared to the amounts that would have been reported if the previous method had been applied consistently.</p>																																																			

## Segment information

### 1. Operation segment information

Current consolidated fiscal year (April 1, 2003 – March 31, 2004)

Previous consolidated fiscal year (April 1, 2002 – March 31, 2003)

Operating segment information is not presented since the Group was engaged only in electronics-related business.

### 2. Geographical segment information

Previous consolidated fiscal year (April 1, 2002 – March 31, 2003)

(thousands of yen)

	Japan	Asia	Total	Eliminations or corporate	Consolidated
I Sales and operating income (loss)					
Net sales					
(1) to outside customers	18,771,638	2,834,190	21,605,829	-	21,605,829
(2) inter-segment	2,254,398	2,884,109	5,138,508	[5,138,508]	-
Total	21,026,037	5,718,300	26,744,337	[5,138,508]	21,605,829
Operating expenses	20,337,165	5,005,690	25,342,856	[5,412,654]	19,930,201
Operating income	688,871	712,609	1,401,481	274,145	1,675,627
II Assets	24,473,233	9,958,278	34,431,511	[9,849,679]	24,581,832

Notes: 1. Countries and regions are classified according to geographical proximity.

2. Countries and regions outside Japan are broken down into the following geographical areas

Asia: China, Hong Kong, and the Philippines

3. All of the operating expenses are distributed to each segment. There are no undistributed operation expenses.

4. All of the assets are distributed to each segment. There are no corporate assets.

Current consolidated fiscal year (April 1, 2003 – March 31, 2004)

(thousands of yen)

	Japan	Asia	Total	Eliminations or corporate	Consolidated
I Sales and operating income (loss)					
Net sales					
(1) to outside customers	22,472,384	6,718,189	29,190,573	-	29,190,573
(2) inter-segment	1,986,575	4,001,808	5,988,384	[5,988,384]	-
Total	24,458,959	10,719,998	35,178,958	[5,988,384]	29,190,573
Operating expenses	22,848,018	9,289,274	32,137,292	[6,463,165]	25,674,126
Operating income	1,610,941	1,430,723	3,041,665	474,781	3,516,446
II Assets	29,353,780	13,665,178	43,018,959	[12,009,731]	31,009,227

Notes: 1. Countries and regions are classified according to geographical proximity.

2. Countries and regions outside Japan are broken down into the following geographical areas

Asia: China, Hong Kong, and the Philippines.

3. All of the operating expenses are distributed to each segment. There are no undistributed operation expenses.

4. All of the assets are distributed to each segment. There are no corporate assets.

### 3. Overseas sales

Previous consolidated fiscal year (April 1, 2002 – March 31, 2003)

(thousands of yen)

		Asia	Europe	Other region	Total
I	Overseas sales	4,000,705	4,579	219,707	4,224,991
II	Consolidated sales	-	-	-	21,605,829
III	Overseas sales to total sales (%)	18.5	0.0	1.0	19.6

Notes: 1. Countries and regions are classified according to geographical proximity.

2. Countries and regions outside Japan are broken down into the following geographical areas

- (1) Asia: Singapore, South Korea, China
- (2) Europe: Germany, France, United Kingdom
- (3) Other region: United States

3. Overseas sales refer to sales posted by the Company and its consolidated subsidiaries in countries and regions outside Japan.

Current consolidated fiscal year (April 1, 2003 – March 31, 2004)

(thousands of yen)

		Asia	Europe	Other region	Total
I	Overseas sales	6,884,380	23,626	81,817	6,989,824
II	Consolidated sales	-	-	-	29,190,573
III	Overseas sales to total sales (%)	23.6	0.1	0.3	23.9

Notes: 1. Countries and regions are classified according to geographical proximity.

2. Countries and regions outside Japan are broken down into the following geographical areas

- (1) Asia: China, Hong Kong, Malaysia
- (2) Europe: United Kingdom, Germany, Spain
- (3) Other region: United States

3. Overseas sales refer to sales posted by the Company and its consolidated subsidiaries in countries and regions outside Japan.

## Related party transactions

Previous consolidated fiscal year (April 1, 2002 – March 31, 2003)

### 1. Officers and major individual shareholders, etc.

(thousands of yen)

Related party type	Name	Address	Paid-in capital or equity stake	Occupation	Equity owned by the Group (or equity owned by related party) (%)	Relationship		Transaction details	Transaction amount	Account	Resulting account balance
						Joint director etc.	Business relationship				
Officers and major individual shareholders	Yuichiro Naya	-	-	President and Representative Director of the Company	(owned) Direct 34.6%	-	Real estate leasing	Real estate leasing	1,500	Deposit/Key money	125
								Real estate leasing	12,000	-	-
Company where officers and their next of kin have majority of voting right	Meiko Kosan Co., Ltd.	Ayase City, Kanagawa Prefecture	10,000	Real estate reasing	(owned) direct 4.0%	3 Officers of the Company on the board of the related party	Real estate leasing	Real estate leasing	61,428	Deposit/Key money	20,096

Notes: 1. Transaction amounts and resulting account balance do not include consumption taxes.

2. Terms and conditions of trade and the determination.

Multi tech Co., Ltd. rents the building owned by Yuichiro Naya, President and Representative Director.

The terms and conditions of the transaction are based on the appraisal amount assessed by the Real Estate Appraisal Dept., Mizuho Trust & Banking Co., Ltd.

The rental rate of the company house is determined by considering the rental rates of rented houses in the neighborhood.

3. Shareholders and their equity of Meiko Kosan Co., Ltd. are as follows:

Misao Naya: 30.0%, Yuichiro Naya: 25.0%, Haruyuki Naya: 17.5%, Seiichi Naya: 17.5%, Fusako Akiyama: 7.5%, and Tomoko Naya: 2.5%

### 2. Subsidiaries

(thousands of yen)

Related party type	Name	Address	Paid-in capital or equity stake	Occupation	Equity owned by the Group (or equity owned by related party) (%)	Relationship		Transaction details	Transaction amount	Account	Resulting account balance
						Joint director etc.	Business relationship				
Affiliated	J.MACC Co., Ltd.	Yamato City, Kanagawa Prefecture	185,850	Manufacturing of electric LC tester	(owing) direct 22.7%	-	Financial support/ business transactions	Sale of our products	32,436	Accounts receivable-trade	787
								Loan interest received	188	Long-term loans receivables	2,825
								Purchase of the products from the affiliated company	519,002	Accounts payable-trade	21,381

Notes: 1. The transaction amount does not include consumption taxes, etc., but the resulting account balance does.

2. Terms and conditions of trade and the determination.

Selling and purchase prices of our products to and from the affiliated are determined at arm's length by considering prices of peers.

3. Machine Active Contact Co., Ltd. was renamed J. MACC Co., Ltd., on November 1, 2002.

Current consolidated fiscal year (April 1, 2003 – March 31, 2004)  
Officers and major individual shareholders, etc.

(thousands of yen)

Related party type	Name	Address	Paid-in capital or equity stake	Occupation	Equity owned by by the Group (or equity owned by related party ) (%)	Relationship		Transaction details	Transaction amount	Account	Resulting account balance
						Joint director etc.	Business relationship				
Officers and major individual shareholders	Yuichiro Naya	-	-	President & Representative Director	(owned) Direct 34.4%	-	-	Real estate leasing	1,500	Deposit/Key money	125
	Seiichi Naya	-	-	Executive Director	(owned) Direct 2.9%	-	-	Real estate sale	53,462	-	-
	Haruyuki Naya	-	-	Executive Director	(owned) Direct 3.1%	-	-	Real estate sale	53,462	-	-
	Yasuo Nishiwaki	-	-	Corporate auditor	(owned) Direct 0.2%	-	-	Trade of company cars	1,800	-	-
Officers and their next of kin	Misao Naya	-	-	-	(owned) Direct -	-	-	Real estate sale	267,312	-	-
	Fusako Akiyama	-	-	-	(owned) Direct 0.1%	-	-	Real estate sale	53,462	-	-
	Hiroshi Matsuura	-	-	Tax accountant	(owned) Direct 0.1%	-	-	Consultant fees	1,700	-	-
Company where officers and their next of kin have majority of voting right	Naya Kosan Co., Ltd.	Ayase City, Kanagawa Prefecture	10,000	Real estate leasing	(owned) Direct 3.9%	3 Officers of the Company on the board of the related party	Real estate leasing	Real estate leasing	21,476	Deposit/Key money	-
								Real estate sale	36,604		

Notes: 1. Transaction amounts and resulting account balance do not include consumption taxes.

2. Terms and conditions of trade and the determination.

Multi techCo., Ltd. rents the building owned by Yuichiro Naya, President and Representative Director.

The terms and conditions of the transaction are based on the appraisal amount assessed by the Real Estate Appraisal Dept., Mizuho Trust & Banking Co., Ltd.

3. Shareholders and their ownership percentage of Meiko Kosan Co., Ltd. are as follows:

Misao Naya: 30.0%, Yuichiro Naya: 25.0%, Haruyuki Naya: 17.5%, Seiichi Naya: 17.5%, Fusako Akiyama: 7.5%, and Tomoko Naya: 2.5%

2. Subsidiaries

(thousands of yen)

Related party type	Name	Address	Paid-in capital or equity stake	Occupation	Equity owned by by the Group (or equity owned by related party ) (%)	Relationship		Transaction details	Transaction amount	Account	Resulting account balance
						Joint director etc.	Business relationship				
Affiliated	J.MACC Co., Ltd.	Yamato City, Kanagawa Prefecture	195,100	Manufacturing of electric LC tester	(owning) direct 23.3%	-	Financial support/business transactions	Sale of our products	570	Accounts receivable-trade	-
								Loan interest	15	Accounts payable-trade	8,202
								Purchase of the products from the affiliated company	108,281	Accounts payable	1,291

Notes: 1. The transaction amount does not include consumption taxes, etc., but the resulting account balance does.

2. Terms and conditions of trade and the determination.

Selling and purchase prices of our products to and from the affiliated are determined at arm's length by considering prices of peers.

## Per-share information

(yen)

Item	FY2003 (For the year ended March 31, 2003)	FY2004 (For the year ended March 31, 2004)
Shareholders' equity per share	740.10	906.00
Net income per share (basic)	60.96	219.86
Net income per share (diluted)	Although the Company offers stock options, net income per share (diluted) is not presented since there was no dilutive effect in them. Effective the fiscal year ended March 2003, Accounting Standards concerning Net Income per Share (Accounting Standard Board of Japan No.2) and Guideline of Application of Accounting Standards concerning Net Income per Share (Guideline of Application of Corporate Accounting Standards No.4) are applied. There is no difference between Information on Net income per share for the consolidated fiscal year ended March 2003 based on the traditional method and that based on the above standards.	217.86

Notes: Reconciliation of net income per share (basic) to net income per share (diluted)

	FY2003 (For the year ended March 31, 2003)	FY2004 (For the year ended March 31, 2004)
Net income (thousands of yen)	462,829	1,641,104
Net income not available to common shareholders [of which bonuses to directors through appropriation of net income] (thousands of yen)	No reportable information.	25,000
Net income available to common shareholders (thousands of yen)	462,829	1,616,104
Weighted average number of shares outstanding	7,592,002 shares	7,350,706 shares
Increase in the number of common shares	-	Subscription rights of new shares: 67,499 shares
Potential new shares not included in the calculation of net income per share (diluted) since there was no dilutive effect.	Subscription rights of new shares (resolved by June 29, 2000 regular general meeting of shareholders) Number of potential shares: 136,000 shares	

### Subsequent important events

The Company passed a resolution to split the shares at a meeting of the board of directors on March 11, 2004, as follows.

1. Each common share will be split into two effective May 20, 2004.

(1) Number of shares increased due to share split: Common shares: 7,719,160 shares

(2) Split procedures: A two-for-one share split will be made based on the Shareholders Register of the Company and the beneficially Shareholders Register at the JASDAC as of March 31, 2004

(3) Dividend accrual date: April 1, 2004

The following table shows per share information, if the share split had been conducted at the beginning of the previous fiscal year and the current fiscal year, respectively.

(yen)

	FY2003 (For the year ended March 31, 2003)	FY2004 (For the year ended March 31, 2004)
Shareholders' equity per share	370.05	453.00
Net income per share (basic)	30.48	109.93

Notes: 1. In connection with the share split described above, the total number of issued shares prescribed in the Articles of Incorporation of the Company was increased by 15,800,000 shares from 15,800,000 shares to 31,600,000 shares, pursuant to Article 218-2 of the Commercial Code of Japan.

2. In connection with the share split, the execution prices of the first stock option are adjusted in accordance with Article 280-19 of the old Commercial Code, as follows:

- |  |               |
|--|---------------|
| (1) Execution prices before adjustment | 920 yen       |
| (2) Execution prices after adjustment  | 460 yen       |
| (3) Effective date of adjustment       | April 1, 2004 |

## 5. Production, Orders and Sales

### (1) Manufacturing results

Production results by item line in the electronic businesses for the fiscal year ended March 2004 are as follows:

(thousands of yen)

	Amounts	YoY (%)
Double-sided board	5,285,858	135.8
Multi-layer board	18,578,729	164.1
Pattern design/master board	2,842,229	116.1
Electronic equipment	1,839,965	83.8
Total	28,546,782	143.8

Notes: 1. Production values are calculated based on sales prices.

2. Amounts are exclusive of the consumption taxes.

### (2) Order results

Orders received by item line in the results by item line in the electronic businesses for the fiscal year ended March 2004 are as follows:

(thousands of yen)

	Orders received	YoY (%)	Backlogs	
				YoY (%)
Double-sided board	5,776,522	130.4	425,439	82.0
Multi-layer board	19,612,351	153.7	2,501,878	155.2
Pattern design/master board	2,858,682	113.2	165,439	120.4
Electronic equipment	1,951,919	97.1	130,887	133.8
Total	30,199,475	139.0	3,223,645	136.3

Note: The amounts in the table do not include consumption taxes.

### (3) Sales results

Sales results by item line in the electronics businesses for the consolidated fiscal year ended March 2004 are as follows:

(thousands of yen)

		Amounts	YoY (%)
Electronics business	Double-sided board	5,154,072	123.2
	Multi-layer board	19,187,802	152.2
	Others	5,667	6.9
	PWBs subtotal	24,347,543	144.3
	Pattern design/master board	2,850,279	115.0
	Electronic equipment	1,992,751	88.4
Total		29,190,573	135.1

Note: The amounts do not include consumption taxes.